

THE HOUR GLASS

(Incorporated in the Republic of Singapore)
(Company Registration No: 197901972D)

The Hour Glass Group FY2016 Results:

Revenue Slips on Weaker Sentiment;

\$5M Donation Booked in Latest Performance

Unaudited Full Year Results	Group			
	31 Mar '16 \$'000		31 Mar '15 \$'000	Change %
Revenue	707,525		734,938	(4%)
Profit Before Taxation	66,968		75,404	(11%)
Profit After Taxation	53,543		59,715	(10%)
Earnings per Share (cents)	7.42		8.22	(10%)

Highlights of FY2016 Financial Performance

- Full year revenue slips 4% on the back of deteriorating consumer sentiment
- FY2016 gross margins improved to 23.7% (FY2015: 22.6%)
- Profit after tax down by 10% partly on a one-time \$5.0 million donation to advance special needs, community and cultural causes in conjunction with Singapore's 50th Anniversary

SINGAPORE, 24 May 2016: The Hour Glass Group, one of Asia's leading specialist luxury watch retailers, reported a 10% drop in profit after taxation on the back of a 4% slip in revenue for the full year ended 31 March 2016 ("FY2016").

The Group's latest performance was delivered against a backdrop of continued volatility in financial markets, which in turn affected economic outlook and resulted in softer global demand for luxury goods. The Group's lower profit after tax was partly a result of its \$5 million donation to advance special needs, community and cultural causes in Singapore in conjunction with Singapore's 50th Anniversary.

FY2016 Results

1. The Group reported profit-after-tax of \$53.5 million on the back of \$707.5 million revenue in FY2016. The performance was registered against an increasingly challenging business environment, especially in key markets like Singapore and Hong Kong.
2. On the contrary, gross margins rose to 23.7% for FY2016, higher than the 22.6% registered in FY2015. This performance was possible because of the group's singular focus on managing its retail brand and merchandise portfolio and dynamic pricing initiatives.
3. In FY2016, the Group directed its \$5.0 million one-time corporate donation to three Singapore charities, namely the National Kidney Foundation, Community Chest and the National Heritage Board. This donation qualified for the government's dollar-for-dollar matching grants hence doubled the impact of the donation to \$10.0 million. "Responsive philanthropy is a value our co-founders have woven into The Hour Glass' institutional fabric since its establishment in 1979. That our company has benefitted from the tremendous economic success of this nation inspires us to make an even more impactful contribution to Singaporean society," said Mr Michael Tay, Group Managing Director of The Hour Glass.
4. Commenting on the latest results, Mr Tay added: "The Hour Glass has navigated through many challenging periods in its history and FY2016 was one such period where consumer spending continued to trend lower and the economic sentiment remained weak."
5. The Group's balance sheet remains strong with consolidated net assets of \$439.9 million and with cash and cash equivalents of \$93.9 million.

Outlook

6. Financial markets continue to be unpredictable, perpetuating an uncertain global economic outlook. This will continue to hurt overall sentiment, especially discretionary consumption for luxury and specialty watches. These will result in the tightening of global demand for luxury goods and a rebalancing of supply to these new market conditions.

7. Operating in such environment, the Group will remain steadfast on increasing operational efficiencies while managing margins. The Group will continue to operate its boutiques in key cities, namely in Australia, Hong Kong, Japan, Malaysia, Thailand and Singapore.

8. The Board of Directors recommends a final dividend of 2.00 Singapore cents per share for FY2016 (FY2015: 2.20 cents per share).

9. Barring any unforeseen circumstances, the Group remains cautiously optimistic and expects to remain profitable in FY2017.

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THE HOUR GLASS LIMITED

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About The Hour Glass

Established in 1979, The Hour Glass is one of Asia's premier luxury retail groups with 43 boutiques in nine key cities throughout the Asia Pacific region. The Hour Glass prides itself as the world's leading cultural retail enterprise; pioneering the promotion and appreciation of contemporary luxury and horological culture. Having been recognised by international publications such as Monocle, Wallpaper and Vanity Fair as one of the most influential specialty retailers in the world, The Hour Glass has been accorded the 'Best Watch Retail' honours by Singapore Tatler in 2014.

The Hour Glass has achieved international acclaim in the industry for its approach towards redefining specialty watch retail which includes the creation of thematic salons and placing an emphasis on developing consumer oriented cultural engagement platforms to promote the values of authentic luxury. L'Atelier, a boutique dedicated to expressing the patrimony of traditional watchmaking; and Malmaison, a first multi-category luxury emporium in its stable to retail the finest and carefully curated collections in horology, sartorial tailoring, fragrances and leather goods – were bestowed the 'Best Retail Concept of the Year' award by Singapore Retailers Association in 2010 and 2011 respectively. Malmaison lauded for its unique and differentiated shopping experience, bagged the highly coveted 'Best Shopping Experience' award by Singapore Tourism Board in 2012. L'Atelier and Malmaison were also awarded 'Most Innovative Retail Concept of the Year' by the Federation of Asia-Pacific Retail Associations (FAPRA) in 2010 and 2013 respectively.

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